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Viewing cable 06BOGOTA5384, IMPASSE ON DRUMMOND COAL STRIKE

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Understanding cables

Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

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Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g. **#06BOGOTA5384**.

Reference ID	Created	Released	Classification	Origin
06BOGOTA5384	2006-06-14 15:55	2011-08-30 01:44	CONFIDENTIAL	Embassy Bogota

Appears in these articles:

<http://www.elspectador.com/wikileaks>

VZCZCXYZ0023
PP RUEHWEB

DE RUEHBO #5384/01 1651555
ZNY CCCCC ZZH
P 141555Z JUN 06
FM AMEMBASSY BOGOTA
TO RUEHC/SECSTATE WASHDC PRIORITY 6012
INFO RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY

C O N F I D E N T I A L BOGOTA 005384

SIPDIS

SIPDIS

E.O. 12958: DECL: 06/13/2016
TAGS: [ELAB](#) [EMIN](#) [EINV](#) [CO](#)
SUBJECT: IMPASSE ON DRUMMOND COAL STRIKE

REF: A. BOGOTA 4686
[¶](#)B. BOGOTA 4971
[¶](#)C. BOGOTA 5067
[¶](#)D. BOGOTA 5175

Classified By: CDA MILTON DRUCKER FOR REASONS 1 (B) AND (D)

[¶](#)1. (C) Summary: Drummond has suspended talks with its coal workers, citing a lack of good faith negotiating on the part

of union leaders. While both sides remain far apart on compensation issues (salary and benefits), negotiations appear to be stalled over a "just cause" provision, protecting workers from termination without cause. Such a provision was granted as a concession in the recent settlement of the Glencore strike (Ref D), but appears to be a non-starter for Drummond. The company considers the situation at an impasse and is requesting immediate arbitration from the GOC. End Summary.

Talks Suspended

¶2. (C) On June 12, Charge met with Drummond Coal President Michael Tracy and Drummond Colombia President Augusto Jimenez to discuss the ongoing coal strike against the U.S. company (Ref A). According to Tracy, Drummond has done all it can to get a "fair" contract with the union, but he expressed frustration at the union's "unwillingness" to negotiate in good faith. As a result, Tracy announced Drummond had suspended negotiations and would be seeking binding arbitration from the GOC. Under Colombian law, a strike lasting over 60 days automatically goes to government mediated binding arbitration. Under certain circumstances, the Minister of Social Protection with the concurrence of the Colombian Supreme Court, can call for arbitration earlier than 60 days. Union leaders have told Laboff they do not want arbitration, and it is unclear if the GOC will agree to the Drummond request. Supporting Drummond, the embassy will ask the Minister of Social protection to accept Drummond's request.

The "Just Cause" Clause

¶3. (C) According to Francisco Ramirez, Secretary General of the industry federation representing the miners' union, labor stability is one of the key issues impeding progress toward resolution of the strike. The recent Glencore settlement included a provision restricting termination without cause, a common practice in coal operations. The unions are demanding a similar clause in their contract with Drummond. When Laboff raised the "just cause" issue in the meeting with Tracy, he said a coal mine could not operate without the flexibility to adjust its workforce, and Drummond has only fired 27 workers (in a workforce of over 2500) "without cause" over the past two years.

Salaries and Benefits

¶4. (C) Drummond claimed it is making "more than generous" salary concessions. Drummond further insists the union leadership is out of sink with its workers who want to accept the pay increases and return to work. According to Tracy, Drummond is offering a 12.2 percent increase in salary and benefits over an employment package already considered to be the best available for coal miners in Colombia. The union is seeking additional increases in salary and benefits, representing a 28 percent increase in the total compensation package. According to Drummond, the union's request includes a significant increase in the housing allowance, three union-controlled medical clinics and a no cost cafeteria for residents who do not work for Drummond but live in the mining community. Drummond insists the union demands escalate everytime a settlement appears within reach.

Comment

¶5. (C) Drummond is frustrated over the lack of progress toward ending the work stoppage. The difference between the parties on issues related to salary and benefits do not seem insurmountable. The question of a termination without cause

provision, however, appears to be more complicated. The union's position appears to be strengthened by the Glencore settlement. Drummond's push for binding arbitration could result in a settlement that maintains the company's current termination practices. The union believes arbitration generally favors the employer in Colombia, and will try and keep the dispute out of arbitration as long as possible. End Comment.

DRUCKER

=====CABLE ENDS=====